

No surplus food anywhere, USDA crop report shows

by Marcia Merry

“There must be food somewhere. It just isn’t being distributed properly,” is the view held by many people, farmers and city dwellers alike. However, they have their facts wrong. There has been no surplus food for many years. And now, even the latest U.S. Department of Agriculture statistics on this year’s U.S. harvests prove the point: The food isn’t there. The only question is: Who else won’t eat until action is taken?

In brief, the USDA official crop report released Nov. 9 stated that the U.S. 1993 corn harvest, which in recent years accounted for 45% of total world output, would be down to 6.5 billion bushels (153.7 million metric tons), which is down by 13% from the five-year average of 7.45 billion bushels during 1988-92, and down by 31% from last year’s record corn crop of 9.48 billion bushels.

This is a dramatic drop. But it comes on top of other dramatic harvest losses in the 1980s. In 1983, U.S. corn output dropped to 4.174 billion bushels (the year of a new “payment-in-kind” set-aside program and drought); in 1988, U.S. corn output fell to 4.929 billion bushels (the year of a killer drought). And meantime, the world has not stood still.

The simultaneous rise in food-import dependency of nations wracked by depression and “shock therapy” economic policies, taken together with bad harvests, means that we face potential famines of unprecedented proportions. In general, the world total annual output of grains for the past few years has been about 1.7 billion tons, when 3 billion tons are needed to give everyone the basis of a nutritious diet (of all food groups, for every cuisine).

Only potatoes and other roots and tubers have increased in annual world output. World cassava production has climbed 15% during 1981-91, from 127.9 million metric tons in 1981 to 150.9 million tons in 1991. Irish (or white) potato

output has risen likewise. But the reappearance of a new form of the potato blight which caused the 1840s potato famine in Ireland, threatens millions with famine unless countermeasures are taken. Only an emergency mobilization to increase food production can avert the catastrophe now in the making.

Cartel food control

About 20 years ago, in the mid-to-late 1960s, you could have correctly said that “there is food *somewhere* for food relief and other emergency use.” At that time, you could have made the case that while food output per capita was way below consumption requirements in Africa and other points of need, nevertheless, there were exportable food surpluses being generated in North America, Argentina, western Europe, Thailand, and elsewhere that could make up the difference.

The problem then, as now, was that much of the food surplus potential has all along been under the control of the food cartel companies—Cargill/Archer Daniels Midland, Louis Dreyfus, Continental, Bunge, Unilever, Grand Metropolitan, among others. They acted in concert with the International Monetary Fund, the World Bank, and related agencies to prevent developing nations from building up their own agricultural sectors, and forced nations to become even more dependent on food imports.

The cartel interests even intervened to prevent any humanitarian use of the European Community surplus potential in the 1980s, by starting the General Agreement on Tariffs and Trade (GATT) Uruguay Round in attempts to counter the right of nations to produce and provide food as they decide. In the 1990s, the cartel interests intervened to prevent western Europe from collaborating with the nations of the former Soviet Union to expand food output.

Now, as of the close of the 20th century, which has seen

the invention of agricultural systems that could feed tens of billions through such technologies as hydroponics, drip irrigation, and nuclear-powered desalination, we instead see a picture of global food calamity.

Harvests are low

The low U.S. corn harvest resulted from the devastation wrought by the Mississippi River System's "500-year" flood, which did similar damage to other crops—soybeans, spring wheat, barley, dry beans, fall potatoes, and hay—in the Midwest food belt.

The USDA estimates the soybean harvest at 1.83 billion bushels. The National Farmers Organization gives an even lower estimate of 1.77 billion bushels.

In addition to the low volume of many crops, the weight and condition of the commodities are poor. After a record wet growing season, the moisture content of corn is running very high. In western Iowa, it has been showing 17-26% moisture content, and in parts of north-central Iowa, 30% moisture content.

The corn is light weight. Instead of the standard test weight of 56 pounds per bushel, there are common test weights of 48 pounds (for No. 2 yellow corn). Protein content is also down.

Outside the United States, the harvest picture is bleak. Although the USDA for a time chose to project good harvests in Russia, the latest reports confirm a picture of severe losses. The lack of fuel and machines, and also poor weather, took their toll.

Who gets food, and who doesn't?

In recent years, U.S.-produced grain and soybean commodities have accounted for a large share of all of the world trade tonnage of these goods. Of the 70 million tons of coarse grain traded annually, U.S.-grown corn has accounted for over 70%, or 50 million tons. Now it isn't there.

Officials are wringing their hands over lack of stocks. This was heralded by the *Wall Street Journal* in its Nov. 10 commodities column by staff reporter Scott Kilman. He wrote: "The corn crop getting harvested across the Midwest is too small to supply both domestic processors and exporters." Readers of *EIR*, however, were forewarned, and found the statistics in the Sept. 3 *Agriculture* column.

The Nov. 10 *Wall Street Journal* stated, "U.S. stockpiles are expected to be drained to the lowest level since the food scare of the mid-1970s. Another crop disaster next year could cause shortages. 'We are vulnerable in 1994 . . . right on the edge,' said Keith Collins, acting assistant agriculture secretary for economics."

Even the cartel representatives, who usually operate behind the scenes, are openly stating their expectations of the USDA, whose policy they have controlled for many years. The monopoly corn processors and exporters, Cargill and its cohort Archer Daniels Midland (ADM) are expecting the

USDA to crank up the U.S. farm sector to deliver more corn in 1994. Earlier this fall, Agriculture Secretary Mike Espy announced a 5% corn acreage reduction requirement for farmers enrolling in the 1994 federal price support program. But the cartels want the set-aside cancelled.

The Nov. 10 *Wall Street Journal* quoted "an unnamed spokesman" for ADM declaring, "With corn supplies down to where a drought would do considerable economic damage to world food supplies, it is risky, almost irresponsible for the nation to continue any set-aside program."

The USDA estimate for U.S. domestic use of corn for all uses, including livestock feed, cereals for humans, as well as ethanol, sweetener, etc., is for 6.76 billion bushels this year, or 160,000 bushels *more* than this year's harvest of 6.5 billion tons. In tonnage terms, this is a domestic requirement of 172 million metric tons, when the U.S. harvest may come in at below 155 million tons. Thus, there is a drawdown of stocks of emergency proportions.

Who are the importers of U.S. corn, for whom this year's harvest did not come in? In recent years, the importers in rank order from the largest are the following:

- Japan alone imported on average, as of the end of the 1980s, between 13 and 15 million tons of U.S. corn annually, or over one-fourth of U.S. corn exports.
- Korea and Taiwan each imported on average about 4.5 million tons, together accounting for close to 20% of U.S. corn exports.
- Mexico has been importing over 6% annually of U.S. corn exports.
- The Soviet Union, until its dissolution in 1991, accounted for between 5 and 15 million tons of corn imports annually.
- Africa (the entire continent) was importing commercially or through food relief, only a total of about 2.6 million tons, or about 5% of U.S. corn exports.

Farmers cheated on price

If the mythical laws of "supply and demand" were truly in force, then U.S. farmers would have seen high prices for their scarce output, and even now they could be paying down debts, and preparing to produce next year's food supplies. The opposite is the case.

Farm prices are low. For five months running the USDA understated the corn and other harvests. Over this period, the price of corn has remained at about \$2.10-2.40 a bushel—in constant dollars, this is the lowest *ever* for corn. The prices of other commodities are similar. During this time, Cargill, ADM, and others in the cartel moved to suck in all the grain they could from farmer-controlled, on-farm storage.

Finally, when the USDA did come out on Nov. 9 with a more accurate report on how small the corn crop would be, the next day, for the first time in more than two years, the price of corn and soybeans rose up to the daily allowable limit on the Chicago Board of Trade. But then it fell back.